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PROSPECTING IN NEW BRUNSWICK (SESSION VI)

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Department of Natural Resources
Province of New Brunswick

Hon. Gerald S. Merrithew

1982

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PROSPECTING IN NEW BRUNSWICK
(SESSION VI)

Mineral Resources Division
Department of Natural Resources
New Brunswick

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Notes on

PROSPECTING IN NEW BRUNSWICK

BY

W.E. Hale

SESSION SIX

CLAIM STAKING, RECORDING, TRANSFER, etc.

February, 1981

Revised January, 1982

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W.E. Hale

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Claim Staking, Recording, Transfer, etc.

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Notes on
PROSPECTING IN NEW BRUNSWICK
W.E. Hale

SESSION SIX
(of six)

CLAIM STAKING, RECORDING, TRANSFER, etc.

6.1.0 INTRODUCTION

The final session of this basic prospecting program deals primarily with claims. Claims provide the prospector with the means of controlling, for specific periods of time, ground in which he/she has an interest. The 'interest' may be a prospect, found by the prospector or, the claims may be staked (or otherwise acquired) to 'tie on' to an earlier discovery nearby, or for other reasons including prospectors' 'hunches'.

Claims cost time and money to stake and hold and this cost increases with the time the claims are held, beyond one year from the date of recording. The prospector must, therefore, carefully consider staking and the resources 'tied up' in this manner.

It is possible to prospect without staking until a 'find' is made. This, however, leaves the prospector 'unprotected' and entails the risk of someone else taking up the ground before he/she has selected and staked. Judgement is involved in this as well as in other prospecting activities to be described here and no hard and fast rules can be laid down regarding when?, what?, how much?, and for how long?, to stake.

Ideally, the prospector would carry out a well planned field investigation, make a discovery, stake the ground and later transfer it to the control of one of several anxious buyers, with

the prospector receiving in exchange an initial payment and a 'continuing interest' ($) in what then goes through a long and expensive process to become a producer from the operating profits of which he/she will receive periodic cash payments for the life of the mine. The prospector's income (from the discovery initial payment, subsequent payments during preparation of the prospect for production and receipts from operating profits) finances additional discoveries and so on. This, as noted, is the ideal. An alternative 'history' might read something like this: the prospector takes his/her savings, spends a lot of time searching, finds nothing of interest, becomes discouraged and gives up. Most prospecting yields results somewhere in between the two examples cited. The beginner should realize that stories of discoveries are commonly exaggerated both in value and number. Today, the chance of 'stumbling onto a bonanza' is statistically small. A more likely role for the modern prospector is to come up with 'indications' of ore mineralization that are explored by several companies, in sequence, over perhaps 10 to 20 years. The various transfers of the prospect to successive 'owners' and their accumulating 'interests' all compete with those of the original prospector and tend to 'dilute' what he/she eventually receives.

Present day odds are against the dramatic discovery of a prospect that quickly becomes a producer. There are, therefore, fewer individual, independent prospectors, operating with simple equipment and limited formal training. Many of those interested in this challenging, outdoor activity become members of a company's team in which the prospector's careful checking of outcrops is one part of a mineral exploration program that includes geological mapping, airborne geophysical surveying and geochemical prospecting. Other prospectors undertake prospecting as a part-time, vacation or weekend operation in which the risk of failure is not so critical to the family well-being.

On the other hand, prospectors have always been characterized by an optimism and determination, in spite of the odds, and although, those odds are formidable, opportunities do

exist. These opportunities exist even in now fairly well settled areas, such as New Brunswick, where prospecting has been carried out in the traditional sense ever since the first settlers arrived. The opportunities still exist because:

a) Prospecting has been concentrated until recently along easily accessible routes: rivers, coastlines, game trails, etc.

b) Bedrock or outcrop is scarce over much of New Brunswick due to a relatively thin cover of glacial drift. New road cuts, excavations of other kinds (foundations, mining) stream erosion, etc. may reveal 'fresh' rock not seen before, and such rock may be 'mineralized'.

c) The discovery of a new use for minerals, or the elements they contain, may suddenly transform a thoroughly prospected area into 'virgin' ground. The outstanding example of this is uranium which about 35 years ago was unknown to all but a few prospectors. Space-age technology has resulted in new demands and others may be anticipated.

d) Population growth and industrialization provide the basis for an ever-increasing demand for mineral commodities on a world-wide basis. Mineral occurrences that were of no economic significance 50 years ago are ore today. This trend will continue (beyond the life-span of anyone taking this prospecting program) and thus 'old' occurrences are worthy of attention from the progressive prospector. The demand for non-metallic minerals, construction materials, etc. increases with urbanization in a fairly regular pattern.

e) New methods of mineral detection (like new demands for mineral commodities, such as uranium) may transform previously prospected ground into 'open country' with an entirely new potential, particularly if the new method or instrument is within the prospector's competence to operate and budget to purchase.

f) New information in the form of published maps and reports, issued annually by government agencies, may reveal to the prospector new possibilities not previously recognized.

g) New discoveries have been made in New Brunswick and they, in turn, stimulate further interest, new ideas and

additional opportunities. Mineral deposits rarely occur singly. Discoveries of potash in the Sussex area, uranium in the Lake George antimony mine, the complex tin-tungsten, molybdenum mineralization being brought into production at Mt. Pleasant, all represent relatively new developments that justifiably raise the hopes and interest of prospectors.

New Brunswick is now recognized by mining companies as 'elephant country' since the discoveries here of huge deposits of base metals, close to surface and in a settled area that had been prospected for over 100 years. A 'find' here in New Brunswick can be confidently expected to attract interest from major companies engaged in exploration for, and evaluation of, prospects.

Some of the legal and related matters associated with prospecting are dealt with in your texts (Lang, 1970, Chapter 17, p. 264). More detailed information on procedures in New Brunswick follows.

A summary of regulations on prospecting in New Brunswick, "Information Concerning the Mining Act" is included here (p. 13), as Appendix 1, to these notes. An Application for a Prospecting License is also provided (Appendix 1, p. 30). Copies of forms for Recording (Appendix 2, p. 31), Reporting Work (Appendix 3, p. 33), and verifying Transfer (Appendix 4, p. 35) are also attached. An example of an option agreement may also be of interest and useful as a guide for negotiations of this type (Appendix 5, p. 37). In addition to the notes that follow, your instructor will give you the benefit of his knowledge and experience.

6.2.0 CLAIM STAKING

6.2.1 General Statement

Claims may be staked in most of New Brunswick, except in areas specifically excluded by public notice as indicated on Claim Maps available from the Department of Natural Resources (A Claim Map will be displayed for the duration of this session). Claims and the rules governing them are administered by the Department of Natural Resources. A prospector's license

qualifies the holder to stake claims and carry out prospecting on them. The claims are intended to provide the prospector with protection against competitors while his/her discovery is investigated to the point at which the prospector has a reasonable idea of its size and significance.

6.2.2 Selection of Ground and Outline of Claim Group

Claim maps showing claims in good standing are available for any part of the province from offices of the Department of Natural Resources. These maps are up-dated regularly and the prospector planning to stake should check the most recent edition to make certain the ground planned for staking is 'open' i.e., not currently controlled by others.

After the prospector has acquired a license, staked and recorded his/her claims, control is assured for one year without additional obligation. Generally the prospector will want to sell, option or otherwise 'make a deal' on the claims within that 'free' year, i.e., effect a 'quick turn-over'. However, attracting the interest of potential buyers or partners and making the necessary negotiations takes time. Extending the control of the claims for an additional year requires the expenditure of $125.00 per claim in work performed or the payment of $10.00 per claim and postponement of the work requirement for one year at the end of which time this amount is added to that required for a second renewal (see Appendix 1, p. 5, of that document). Staking or 'tying up' of large numbers of claims will prove expensive in terms of time, effort and money. There is merit, therefore, in carefully selecting ground to be staked.

No 'formula' or strict rules on staking can be offered. Among the factors that have to be considered are the following:

a) The size, shape and apparent grade of the 'find',

b) The strike of the control of mineralization,

c) Other prospects of the same type nearby,

d) General characteristics (world wide) of known deposits of same type,

e) The geological environment as indicated in published reports and maps, and

f) The general prospecting interest in the area of discovery.

The prospector should be guided in staking by local and general knowledge of the occurrence represented by his/her discovery. Naturally, the time required to obtain this knowledge has to be balanced against the risk of someone else finding the discovery and staking first.

Of particular concern to the prospector making a 'find' is the 'trend' or control of mineralization. The mineralization may be controlled or confined to a particular geological formation or rock type. In such a case, the trend of the particular formation will probably be evident (if the formation or rock type is sufficiently widespread and adequately exposed) from the published geological map of the area. Staking should obviously be organized to cover and follow the favourable formation along strike, on either side of the find. However, the most common mineral discoveries occur in fractures and these may be at any angle to the trend of a formation they 'cross'. A third possibility is that of a combined fracture and rock-type 'control'. These are three common situations and are illustrated in Figure 6.2.1. It is not always possible, particularly in areas of scarce outcrop, to determine any control of mineralization and in such cases, staking cannot be limited in the manner suggested.

If time permits, geologists of the Department of Natural Resources may be able to assist the prospector with knowledge of controls for the area of discovery. Similarly, wider knowledge of other examples of the same mineralization assist in the decision regarding the number of claims required to 'cover' a potential deposit of a particular type.

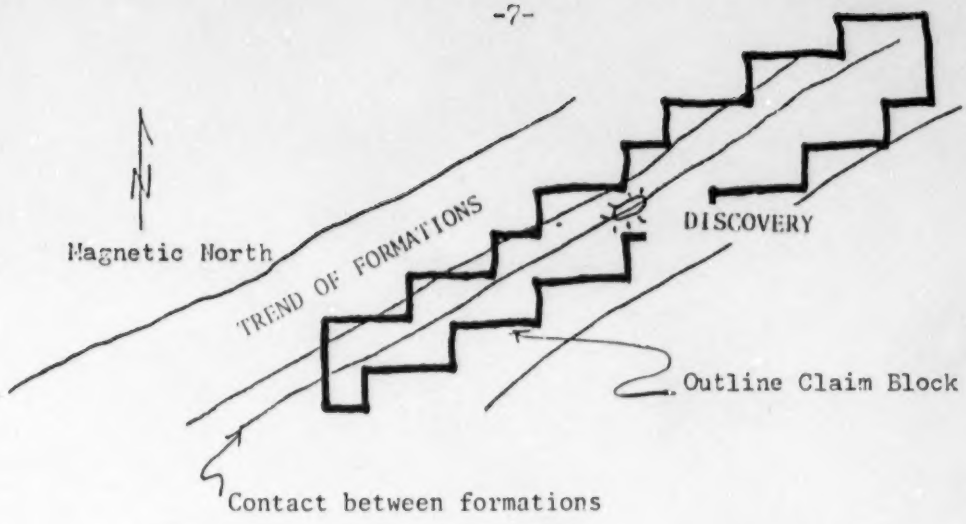


Fig.1 (a) Control by Geological Formation

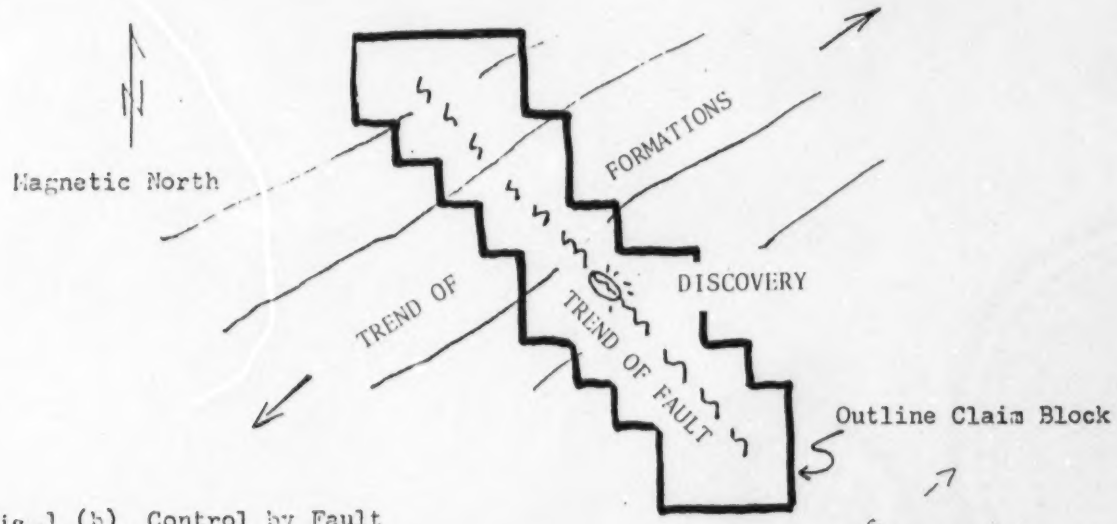


Fig.1 (b) Control by Fault

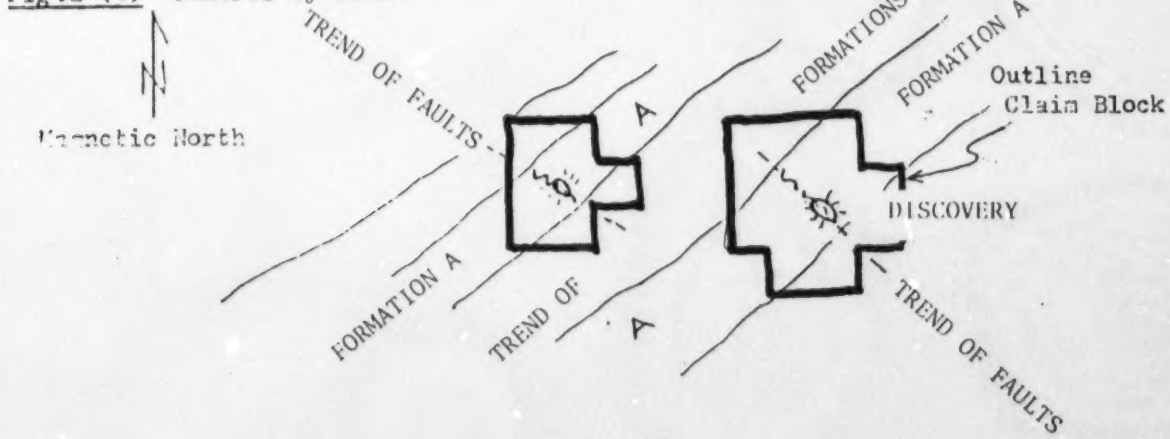


Fig.1 (c) Control by Combined Formation and Fault

6.3.0 RECORDING CLAIMS

Regulations concerning the recording of claims are specified in the Mining Act and summarized in Appendix 1 of these notes. The prospector will appreciate that a potential purchaser or partner will consult the Department of Natural Resources for the record of claims staked and care should be taken to make such records as clear and precise as possible. A copy of the form for recording claims is provided here in Appendix 2, p. 31.

6.4.0 ASSESSMENT WORK ON CLAIMS

The work required to renew title to claims is specified in the Mining Act and summarized here in Appendix 1. The form for reporting work carried out on claims is also attached herewith as Appendix 3, p. 33. A description of "Assessment Work Regulations" is given in Appendix 1, (p. 9-11 inclusive of that document). This description further demonstrates the need for the prospector to maintain careful records of work done.

The objective of the regulations of the Department of Natural Resources in this connection is to encourage serious work on claims and to avoid long-term 'tying up' of ground that is being held 'on speculation', i.e., in the hope that developments nearby may make 'idle' ground suddenly interesting.

In general all legitimate activities designed to find or extend known mineralization is acceptable as credit towards assessment requirements on New Brunswick claims.

6.5.0 TRANSFER OF CLAIMS

6.5.1 Introduction

Generally companies or individuals experienced in, and financed for, mineral exploration will wish to have the title to claims transferred into their names at least during a period in which they are required to do work on those claims. It is common practice also to have the record of such transfers recorded with the Department of Natural Resources and a form for such a purpose is included here as Appendix 4, p. 35. A condition of an agreement on claims may be that those claims or some part of them

revert in good standing, to the original 'owner' (Prospector) at the end of the agreement.

6.5.2 Types of Agreement

There are many types of agreement between the prospector and another party willing to do additional work on his/her claims. A balance has to be struck between the prospector's objective of receiving as much as possible for the claims and the objective of the 'company' to spend its exploration dollars in work on the ground rather than to an individual.

The final 'deal' reached between the prospector and a company prepared to spend time, money and expertise on exploring, evaluating and developing a discovery will depend on a variety of factors among which the following will play an important role:

a) the quality of the discovery (area over which 'mineralization' exposed, minerals/elements present, grade, type of occurrence relative to others known locally or elsewhere).

b) the current and projected demand and price of the commodity(ies) identified in the find,

c) the amount of work already done on the prospect and the results thereof,

d) location of prospect relative to transportation and other "infrastructure",

e) whether or not the prospect has been 'worked' before,

f) the number and quality of similar or comparable prospects being offered to the 'company' by others, locally or elsewhere,

g) the amount of interest by competitiors of the company,

h) the amount of effort likely to be required in evaluating the prospect,

i) the exploration budget available to the company,

j) the reputation of the prospector,

k) the company's reputation and record of achievement in exploration,

l) the general economic conditions.

As noted previously, the odds against a prospect becoming a producer are high and this fact must be recognized by the prospector in spite of enthusiasm for his/her prospect. A decision, relating in part to this fact, has also to be made by the prospector in terms of the returns expected. For example, if a prospector has faith that the prospect will, in fact, become a producer, he/she would be well-advised to accept a modest 'front-end' payment in favour of greater returns from operating profits during eventual production. On the other hand, the prospector may be more interested in quick returns and no, or only a small, long-term interest (and risk). The common problem for both prospector and company is the fact that, at the time of negotiating, neither knows, with any degree of confidence, the future of the prospect.

Most agreements on prospects involve some form of a three-part compensation 'package' for the prospector:

a) A front-end payment at the time of transfer that, as a minimum, reimburses him/her for the expenses (including time, effort, acumen, etc.) applied in the discovery.

b) Periodic payments to the prospector during the course of the company's exploration and evaluation of the prospect. These are usually scheduled to coincide with the renewal dates for the claims and are intended to correspond with the company's interest in the property, as evidenced by willingness to go on with the work.

c) Participation in the profits, if a producer comes into being from the original prospect.

A typical agreement incorporating these compensations to the prospector is provided here as an example in Appendix 5, p. 37. (The amounts of money, number of claims, shares, times, etc. are arbitrarily inserted and should not be taken too seriously).

6.5.3 Reports

The basis for attracting potential buyers or partners for a prospect will be the data the prospector presents. Companies

will send their geologist to look at a prospect and property, in the field, before entering into an agreement, but the decision to do this will usually be prompted by a prospector's invitation which will include a description of the claims. The interest of the potential purchaser or partner will more likely be attracted if the prospector provides adequate descriptive data on this 'showing'. The company geologist will do his own interpretation and preliminary evaluation. He needs for this, not the prospector's hopes and expectations, but dependable information and this the progressive prospector will be able to provide at the first contact.

This information will include:

1) A map showing the location of his area of interest and the claims he/she has staked. (The one inch equals two miles claim maps or a xeroxed portion thereof should suffice if some prominent reference points: town, latitude and longitude, railways, highways are included).

2) A reference to published reports on the geology of the area and reference to any major occurrences near the prospect group,

3) Copies of the claim data as recorded,

4) On a more detailed map or tracing (with appropriate reference points to 1) above) the location of the showing, outcrops, sample locations, traverses, other showings and the claims being offered.

5) The results of any analyses or assays on samples located on 4) above.

6) Reports of work carried out to date on the claims by the present holder and by previous investigators.

It may take some time putting together the information recommended but, with some practice and the advice of a successful prospector or geologist, it can be done efficiently and inexpensively (in black and white). The effort will almost certainly be repaid in terms of prompt replies from potentially interested parties.

6.6.0 SUMMARY

The prospector should be familiar with the essentials of the Mining Act for any Province, State or Country in which he plans to explore. This should be part of the pre-field planning. Careful collection of information before going to the field and while in the field will 'pay dividends' in recording, reporting work for assessment and, ultimately 'making a deal' on a property.

APPENDIX 1

(copy)

MINES DIVISION

DEPARTMENT OF NATURAL RESOURCES

INFORMATION CONCERNING THE MINING ACT

Prepared for Purposes of Convenience and for Accurate Reference Recourse should be had to THE MINING ACT

Fredericton, N.B.

APPENDIX 1

OWNERSHIP OF MINERALS

In most grants of land issued by the Crown in New Brunswick since about the year 1805, all minerals are reserved to the Crown and are regarded as property separate from the soil. Most of the grants previous to that date reserved only gold, silver, copper, lead and coals. All radio-active minerals, all oil and natural gas, and all salt, glauberite and other intimately associated salts, are property separate from the soil and vested in the Crown in right of the Province. Aliens, as well as Canadian citizens, may enjoy the benefit of this Act by complying with its provisions and submitting thereto.

LAND DAMAGE

The Minister may require of the holder of a mining right a bond, with sureties to the satisfaction of the Minister, to compensate the proprietor of the soil, for damage done thereto, in the event of entry upon his lands. The holder of a prospecting license or mining claim may be ordered by the Minister to pay compensation for damage incurred in prospecting and staking to the owner of the surface rights upon application by the person suffering damages by such operations.

MINING CLAIMS SITUATE ON FREEHOLD LAND

The holder of a prospecting license or mining claim shall not work the claim in such a manner as to cause damage unless he has first obtained the written consent of the owner of such land or has given security in an amount satisfactory to the Minister of Natural Resources.

Appendix 1 (continued)

OIL AND NATURAL GAS

Rights to explore and prospect for oil and natural gas are granted under the Oil and Natural Gas Act being Chapter 162 of the Revised Statutes of New Brunswick, 1952.

RIGHTS UNDER THE MINING ACT

There are five classes of rights under this Act:- (1) Prospecting License, (2) Mining Claim, (3) Mining License, (4) Mining Lease, and (5) Reservation.

1. Prospecting License

No person shall prospect for minerals without having first obtained a prospecting license. The license is issued to any person over eighteen years of age. It is effective throughout the Province on all lands whether privately owned or Crown lands, with the following exceptions:

(a) Lands which have been specially reserved from general prospecting; and

(b) Lands already held under mining claim, mining license or mining lease.

A prospecting license is effective from the date of issue to midnight, October 31, next ensuing. This license may be revoked by the Minister in the case of wilful contravention of any provision of the Act.

2. Mining Claims

The holder of a prospecting license may stake mining claims during the effective period of the license

on any lands with the exception of (a) and (b). Claims are square and one-quarter of a mile (20 chains) on the side. They are clearly marked at each corner by a substantial post at least 4 feet in height above the ground, squared, and at least 4 inches on the side. The claim lines are clearly marked between corner post by blazing trees and cutting underbrush; where there are no standing trees, the lines are marked by pickets (at least 5 feet in height) or by monuments of earth or stone (at least 2 feet in diameter at base and 2 feet in height) at intervals of not more than 132 feet (2 chains). Claim posts are numbered 1, 2, 3, 4, and are numbered in a clockwise direction; the northeast corner being Post No. 1, the southeast corner being Post No. 2, the southwest corner being Post No. 3, and the northwest corner being Post No. 4. Post No. 1 must have marked clearly on it: Post No. 1, name of the prospector, number of the claim, his license number, and the date and hour of staking. The other posts must bear the post number and the prospector's name. Claim lines are magnetic northsouth and eastwest.

Metal tags should be placed on posts at the time of staking or not later than three months after date of recording. Tags for 10 claims will be supplied free by the Recorder on application. There is a charge of $1.00 per set for additional tags.

A licensee may stake claims for other licensees and the name of the licensee for whom the claim is staked also should be placed on each claim post.

Appendix 1 (continued)

The Mining Recorder has offices at Fredericton and Bathurst.

Within thirty days after the claim has been staked the following must be filed with the Mining Recorder:

(1) "Application to Record" - Form 3;

(2) "Certificate of Staking out a Mining Claim" - Form 4; and

(3) Carefully prepared plan or sketch showing the locality of the claim, the lengths of the sides, the compass directions of the sides, and a reference or tie to some recognizable point on the map of the district. The distance and compass direction from a claim corner to a recognizable point such as a road intersection, intersection of stream and road, junction of a prominent tributary with a stream, corner of a land grant, etc. will usually serve as reference. Where a group of claims is to be recorded, the plan should include the whole group of claims and as many copies of the plan as there are "Applications to Record" should be submitted with the relevant claim outlined on each plan.

The following items are prepared from the Mining Act:

(1) A mining claim is valid for one year from the date of the recording of the claim.

(2) A mining claim may be extended each year for a further twelve month period from the date of expiry thereof, but such claim shall not be valid in any case for more than forty-eight months from the date such claim is recorded.

Appendix 1 (continued)

(3) No claim shall be extended unless:

(a) an application is made to the recorder by the holder of the claim for an extension thereof;

(b) the applicant pays the required fee; and

(c) the applicant proves to the satisfaction of the Minister, that from the time the claim was staked to the time of the application work has been performed on the claim to the extent of:

(i) twenty-five days of eight hours each up to the time of the first application;

(ii) fifty days of eight hours each up to the time of the second application; and

(iii) seventy-five days of eight hours each up to the time of the third application.

(4) Work reported shall be accompanied by a Form "6", Report of Work.

(5) Where the holder of the claim has two or more contiguous mining claims the required amount of work for all the claims may be performed on one or more of the claims.

(6) The first renewal only may be obtained when the required work is not done on payment of a fee of $10 per claim and provided that application is made at least 3 weeks prior to the expiry date of the claim but during the ensuing year the required work for 2 years will have to be done.

3. Mining Licenses

Any holder of a mining claim, or group of contiguous claims may apply for and obtain a mining license

Appendix 1 (continued)

covering such area subject to the following:

(1) That each of the claims is in effect;

(2) That 25 man days' work per claim per year has been completed;

(3) That a survey by a New Brunswick Land Surveyor has been submitted; and

(4) That the required fee has been paid.

A Mining License is valid for one year from the date of issue and on application may be renewed for further twelve month periods at the regular fee upon proof that work has been performed on the mining license to the extent of:

(a) twenty-five days of eight hours each for each area of forty acres up to the time of the first application;

(b) fifty days of eight hours each for each area of forty acres up to the time of the second application;

(c) seventy-five days of eight hours each for each area of forty acres up to the time of the third application; and

(d) twenty-five days of eight hours each for each area of forty acres during the period about to expire thereafter.

Work reported shall be accompanied by a Form "6", Report of Work.

Work performed, in excess of that required on a mining claim, the area of which has become a mining license, may be applied for subsequent renewals of the mining license.

SECTIONS OF THE MINING ACT WHICH RELATE TO BOTH MINING CLAIMS AND MINING LICENSES

In case of incapacity to do work through accident, illness or litigation, the Minister may extend the time to do work upon proof of litigation or the submission of a proper medical certificate and upon payment of a fee.

If the required amount of work is not done, a payment of $10.00 must be made in lieu of work, for each day of work not performed. The fee may be refunded if the required amount of work is done during the ensuing year in addition to the work that should have been done the previous year.

A mining claim or mining license which has been allowed to expire or which has been abandoned by the filing, with the Minister, of a formal notice of abandonment shall not be staked before eight a.m. on the twenty-first day after the date of such expiry or abandonment, and shall not in any case be restaked by the person, or anyone on his behalf, who previously held the same before eight a.m. on the sixty-third day after the date of such expiry or abandonment.

The Minister may renew a mining claim or mining license without performance of work or without payment of prescribed fee in lieu of such work if the Minister deems that sufficient work has been performed to prove the existence, extent, and value of a mineral deposit.

Appendix 1 (continued)

4. Mining Lease:

The holder of a mining right who has complied with the requirements of his mining claims or mining license, may apply for and receive a lease effective for a period of twenty-one years. The work requirements are 25 days per 40 acres per year. If the required amount of work is not done, a payment of $10.00 must be made in lieu of work for each day of work performed. The fee may be refunded if the required amount of work is done during the ensuing year in addition to the work that should have been done the previous year.

In the case of a coal mine, royalty will be a credit on rental after the initial years rental has been paid; thus where royalty exceeds the amount of rental there will be no rental due.

The leasee is required to pay rent and royalty or mining tax when due, to work his mine in a good and workmanlike manner, to manner, to make reports regularly of work and the men employed, and to submit a plan of his mine workings to the Minister once a year.

5. Reservation:

Under exceptional circumstances an area or areas may be reserved from general prospecting and staking and a person may be given the exclusive right to prospect the said area or areas. A reservation is granted by order of the Lieutenant-Governor in Council.

Appendix 1 (continued)

ROYALTIES

Royalties are set by order of the Lieutenant-Governor in Council. Where it is deemed in the interest of development the Lieutenant-Governor in Council may by order provide that no royalty shall be collected for ten years from the date of lease.

MINING INCOME TAX

Under the Mining Income Tax Act certain mines which produce an income derived from mining operations, shall pay an annual tax in lieu of royalty. This tax does not apply to production of coal, limestone, marble, gypsum, shale, salt, clay, marl, and certain other minerals.

CONTROL OF MINING OPERATIONS

There are regulations governing the operation of mines and quarries. Persons violating these regulations are liable to penalty.

OUTLINE OF ASSESSMENT WORK REGULATIONS

Assessment work is designed to prove the existence and extent of mineral deposits, such as prospecting, digging of trenches or pits, diamond drilling, etc., additional allowance may be made for geological, geophysical and other work.

"Mining Right" may refer to a mining claim, mining license, or mining lease.

Appendix 1 (continued)

Excess work must be recorded in a yearly period of the mining right during which the work is done or not later than 10 days after the anniversary date of the registration or issuance of a mining right.

All reports and maps submitted as evidence of work must be filed in DUPLICATE.

Reports shall be typewritten and bound in suitable folders and maps shall be bound securely in the binder. A separate report and binder must be prepared for each group of claims or mining right.

Prospecting, which consists of systematic traversing and making observations, may be recorded as work on the basis of one day for each 8 hours of work performed. Evidence of work for prospecting shall include:

(1) sketch of claims;

(2) sketch of traverse lines; and

(3) description of observations.

Acceptable work consisting of stripping, trenching or rock excavation will be recorded on the basis of one day for each five dollars so spent. Evidence of work shall include:

(1) location of trench with respect to local topography and boundary of mining right;

(2) description of observations;

(3) dimensions of trenches; and

(4) identified assay returns from samples taken from trenches.

Appendix 1 (continued)

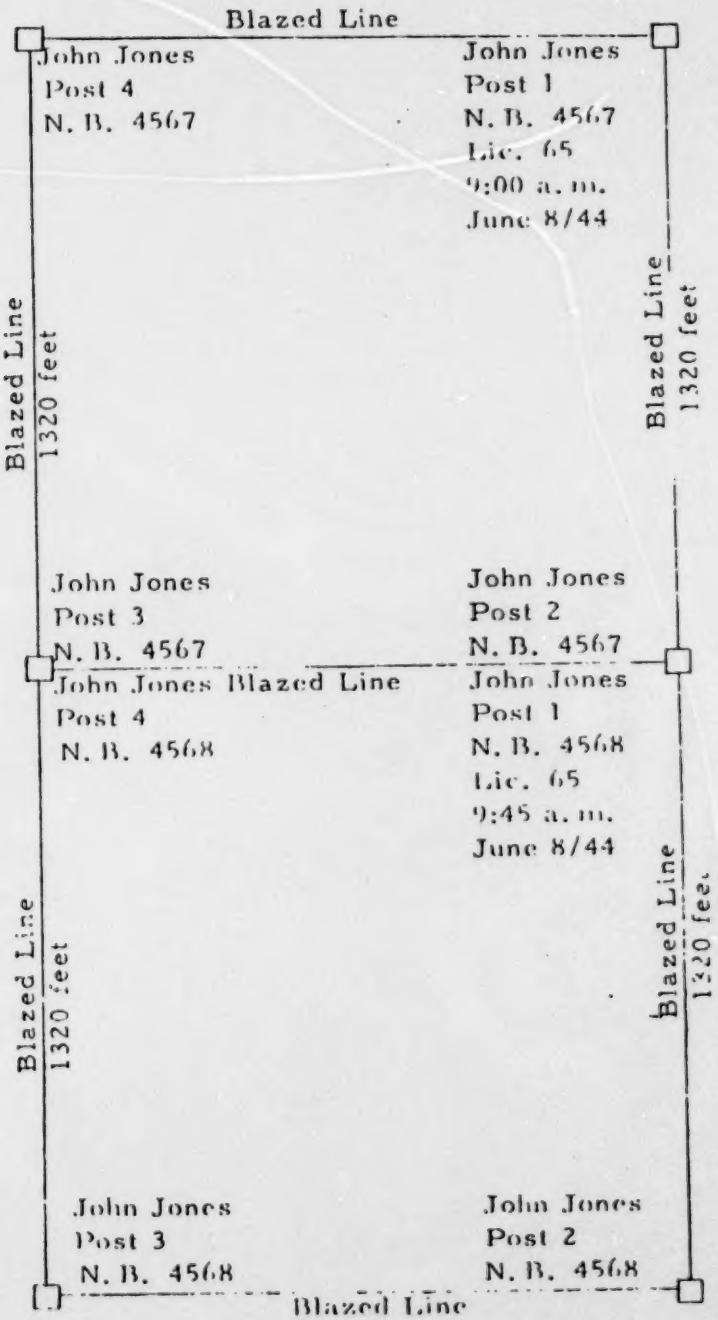
All other acceptable work may be recorded at the rate of one day for each $5.00 so spent with the exception of office expenditure, transportation, freight, express, construction of roads, and erection of buildings which will be credited up to a maximum of 10 per cent of the required work.

ADDITIONAL INFORMATION MAY BE OBTAINED ON APPLICATION TO:

Department of Natural Resources
Mines Division
P.O. Box 6000
Fredericton, New Brunswick
Canada
E3B 5H1

Appendix 1 (continued)

EXAMPLE OF STAKING CLAIM-ON ACTUAL POST PLACE YOUR NAME, LICENSE NUMBER, CLAIM NUMBER, AND DATE AND HOUR OF STAKING



Appendix 1 (continued)

A. Lines should be clearly blazed. If there are no standing trees the lines should be marked with pickets (not less than 5 feet in height), at intervals of not less than 132 feet, or by erecting monuments of rock or earth (at least 2 feet in height) at similar intervals, so that lines may be distinctly seen.

B. Claims should be referenced or tied-in to some recognizable point on the maps in the Recorder's office. The distance and compass direction of a claim corner to a recognizable point such as a road intersection, intersection of a head and a stream, junction of prominent tributary with a stream, corner of a land grant, etc., will usually serve as a reference.

C. Only persons possessing prospecting licenses may stake claims: A person possessing a license may stake claims for another person possessing a license; in which case posts should be marked as follows:

John Jones
Post 1
N.B. 4949
Lic. 65
9:00 a.m. June 9, 1944
Staked for Tom Smith Lic. 162

John Jones
Staked for Tom Smith
Post 3
N.B. 4949

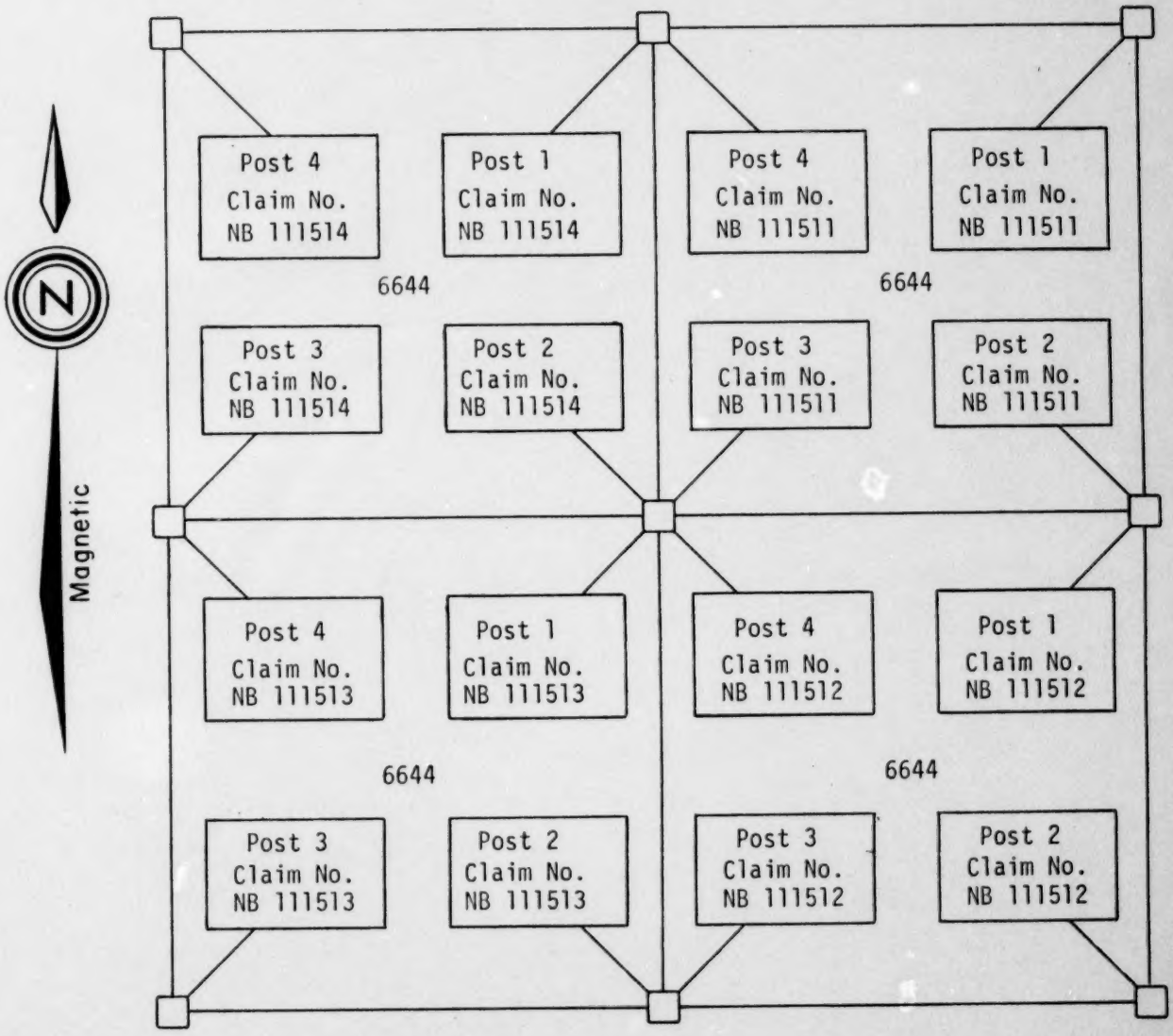
John Jones
Staked for Tom Smith
Post 2
N.B. 4949

John Jones
Staked for Tom Smith
Post 4
N.B. 4949

Posts should be at least four feet in height, squared, and four inches on the side. A carefully prepared sketch or plan showing lengths and compass directions of claim sides must be submitted in order that proper applications to record may be made.

Appendix 1 (continued)

John Jones, Prospecting License 6644, Claims 111511 to 111514.



Appendix 1 (continued)

SCHEDULE OF FEES

1. For a prospecting license or renewal thereof for an individual (See section 34) $10.00

2. The fee for prospecting license, or renewal thereof for a company shall be based on its authorized capital as follows:

   (a) Where the authorized capital does not exceed $50,000 or 50,000 shares of no par value 25.00

   (b) Where the authorized capital exceeds $50,000 or 50,000 shares of no par value but does not exceed $1,000,000 or 1,000,000 shares of no par value. . . 50.00

   (c) Where the authorized capital exceeds $1,000,000 or 1,000,000 shares of no par value. 100.00

3. For a "substituted license" if original prospecting license is accidently destroyed or lost (See section 34). . . . 1.00

4. For metal tags, per claim (See section 34). . 1.00

5. For recording each claim staked out by a licensee on his own license or for another licensee (See section 38) 4.00

6. For certificate of record of claim (See section 39) 10.00

7. For receiving and filing a dispute, per claim (See section 44). 10.00

8. For certified copies of any report of inspection of a mining claim, mining license or mining lease, per page (See section 25). 1.00

9. For copies of certified copies of any other document or record obtained from Recorder, per page 1.00

Appendix 1 (continued)

10.	For filing appeal from Recorder's decision (See section 24)	10.00
11.	For certificate of work for mining claim, mining license, or mining lease (See section 41, 47, and 54). . . .	no charge
12.	For payment in lieu of work on mining claim, mining license and mining lease, per day not performed (See sections 41, 47, and 54).	10.00
13.	For renewing a claim, per year (See section 41)	2.00
14.	For a mining license per acre or fraction thereof, per year (See section 45)	0.25
15.	V O I D	
16.	For a mining lease (minerals other than coal) per acre or fraction thereof, per year, (See sections 51 and 55). . . .	1.00
17.	For filing transfer or agreement to sell or transfer the whole or part of a mining claim, mining license or mining lease, power of attorney, revocation of power of attorney, or any other instrument affecting any recorded claim, license, or lease or other recorded right or interest, per claim, license or lease	2.00
18.	For miscellaneous services not listed above, such amount as may be fixed by the Minister in each case.	
19	For abstract, Mining claim.	0.50

APPENDIX 1

(copy)

APPLICATION FOR A PROSPECTING LICENSE
EXPIRES OCTOBER 31 NEXT

DEMANDE D'UN PERMIS DE PROSPECTION
EXPIRE LE 31 OCTOBRE PROCHAIN

60-1934 (3/76)

Full Name of Person or Incorporated Company / Nom et prénoms du particulier ou de la société constituée

Residence Address
Adresse postale _____

_____ Province _____
(City, Town, Village or R.R. No.) / (Cité, ville, village ou route rurale)

Have you had a previous Prospecting License? ☐ Yes ☐ No
Avez-vous déjà été titulaire d'un permis de prospection? ☐ Oui ☐ Non

No. of Previous License
N° du permis précédent _____

If NOT a resident of New Brunswick – New Brunswick Address for Service:
Si vous N'ETES PAS résident du Nouveau-Brunswick – Adresse au Nouveau-Brunswick aux fins administratives:

_____

Date _____

Signature of Applicant
Signature du requérant _____

FORM 3

Appendix 2
(copy)

APPLICATION TO RECORD THE STAKING OUT OF A MINING CLAIM

(Mining Act, R.S.N.B., c. M – 14, s. 38(1).)

PROVINCE OF NEW BRUNSWICK

TO THE RECORDER:

I,.....
(full name)

of.....
(address in full)

.....

holder of prospecting licence No. .....dated the.....

day of....., 19....., which prospecting licence or renewal thereof for the current period is exhibited herewith, or attached hereto, hereby make application under the provisions of the *Mining Act*

to record the staking out of a mining claim, containing.....acres or thereabouts, composed of the lands shown on the sketch or plan hereto attached, and more particularly described as follows:

General Location.....

Parish.....County.....

Claim No. .....

The claim was staked out and the lines cut and blazed thereon the.....

day of.....19.....

The claim is to be recorded in the name of.....

who resides at.....

whose post office address is.....

.....

and who is holder of prospecting licence No. ....., dated the.....

day of....., 19....., which prospecting licence or renewal thereof for the current period is exhibited herewith, or attached hereto.

Dated at....., the.....day of.....19.....

.....
Signature of Person Staking Out Claim

NOTE: – If the applicant is not a resident of New Brunswick, the name, residence and post office address of some person resident in New Brunswick, upon whom service may be made, must be given as follows:

Service may be made upon.....

who resides at.....in New Brunswick,

and whose post office address is.....

.....

This claim was duly recorded by me on the.....day of.....

in the year.....

.....
Signature

Departmental Use Only

Appendix 2 (continued)

FORM 4

CERTIFICATE OF STAKING OUT OF A MINING CLAIM

(Mining Act, R.S.N.B., c. M – 14, s. 38(1).)

PROVINCE OF NEW BRUNSWICK

I,.....
(full name)

of.....
(address in full)

.....

certify that:

1. I am the holder of prospecting licence No. .....dated the.....
day of.....19.....

2. On the.....day of.....19..... I staked out mining claim No. .....on the land described and shown in the application and sketch or plan hereto annexed, and I placed No. 1 post at.....
(hour, a.m., p.m.)

3. I have placed posts at the respective corners of the claim with the inscription on each post prescribed by the *Mining Act*.

4. I have inscribed on post No. 1 at the northeast corner the following: .....
.....

5. I have inscribed on post No. 2 at the southeast corner the following: .....
.....

6. I have inscribed on post No. 3 at the southwest corner the following: .....
.....

7. I have inscribed on post No. 4 at the northwest corner the following: .....
.....

8. I have marked the boundaries between these posts as required by the *Mining Act*.

9. Strike out the following if not true.
I have affixed the proper tags on the proper posts.

10. To the best of my knowledge and belief, at the time of the staking out there was nothing upon that land to indicate that it was not open to be staked out as a mining claim, and I truly believe that it was so open and that the staking out is valid and should be recorded.

11. That the distances given in the application and sketch or plan are as accurate as they could reasonably be ascertained, and that all the other statements and particulars set forth and shown in the application and sketch or plan are true and correct.

Dated at.....the.....day of.....19.....

.....
Signature of Person Staking Out Claim

NOTE: A penalty is provided for making a false statement in this Certificate.

Appendix 3
(copy)

FORM 6

REPORT OF WORK

(Mining Act, R.S.N.B., c. M – 14, s. 41(6), 47(4), 54(3).)

PROVINCE OF NEW BRUNSWICK

TO THE RECORDER:

I,.....

of.....

.....

holder of recorded mining.....No. .....

comprising the lands known and described as.....

.....

state and report that I have, in conformity with the *Mining Act*, performed or caused to be performed thereon.....day's work, not before reported, consisting of.....

.....

.....

.....

.....

and that the names and residences of the men who performed the work and the dates upon which each man worked in its performance are as follows:

Name	Resides at	Days	From	To

Work on claims is to be applied as follows:

Claim No.	Days	Claim No.	Days	Claim No.	Days

Dated at....., the.....day of.....19.....

Appendix 3 (continued)

FORM 7

CERTIFICATE VERIFYING REPORT OF WORK

(Mining Act, R.S.N.B., c. M – 14, s. 41(6), 47(4), 54(3).)

PROVINCE OF NEW BRUNSWICK

I, ...
(full name)

of.....
(address in full)

certify:

1. That I have a personal and intimate knowledge of the facts set forth in the report of work annexed hereto.

2. That the grounds of my knowledge are

.....

.....

.....

3. That the annexed report is true.

.....
Signature

Dated.....,19.....

Appendix 4
(copy)

FORM 16

AFFIDAVIT OF SUBSCRIBING WITNESS VERIFYING TRANSFER

(Mining Act, R.S.N.B., c. M – 14, s. 65 (1).)

PROVINCE OF NEW BRUNSWICK

County of.....

I,.....of the.....

of.....in the County of.....
make oath and say:

1. That I was personally present and did see the within instrument signed and executed by.....
.....one of the parties thereto (or by.....
President of.....and.....
Secretary of.....):

2. That I know the said party (parties):

3. That the signature "..... " subscribed to the instrument is the signature of
.....(or that the signatures "..... "
and".....," are the signatures of.....
and.....the President and Secretary of.....):

4. That the seal affixed to the instrument is the true corporate seal of.....:
and (where applicable)

5. That I am a subscribing witness to the instrument.

Sworn to before me at)
)
in the of) .....
) Signature of Subscribing Witness
)
the day of)
19)
)

A Commissioner of Oaths

or

A Justice of the Peace for the County of

or

A Notary Public

NOTE:– If the transferee is NOT a resident of New Brunswick, the name, residence and post office address of some resident in New Brunswick, upon whom service may be made, must be given as follows:

Service may be made upon....., who resides at.....

in New Brunswick, and whose post office address is.....

60-1912 (2/75)

FORM 15

FORM OF TRANSFER

(Mining Act, R.S.N.B., c. M – 14, s. 64.)

PROVINCE OF NEW BRUNSWICK

KNOW ALL MEN BY THESE PRESENTS THAT.....of

....., in the County of.....,

(or.....a body corporate duly incorporated

under the laws of.....with head office at

..... , etc.) hereinafter called the

Transferor, in consideration of the sum of.....dollar to him (them, it) in hand

well and truly paid by.....

of....., in the County of.....,

(or.....a body corporate duly incorporated

under the laws of.....with head office at

..... , etc.) hereinafter called the

Transferee, has sold, assigned, transferred and set over, and by these presents sells, assigns, transfers and sets over to the Transferee, his (their, its) executors, administrators, successors and assigns

IN WITNESS WHEREOF the Transferor has hereunto set his (their) hand and seal (or has caused its corporate seal to be hereto affixed attested by the signatures of.....

its President and.....its Secretary) the .....day of

..... , 19.....

Signed, sealed and delivered
in the presence of

.....

.....

or

Signed, sealed and delivered
in the presence of

.....
President

.....
Secretary

Corporate Seal

NOTE:– Affidavit of proof of execution of transfer on reverse side of this sheet.
Transfer noted in the Office of the Recorder, Fredericton, New Brunswick, the .....

day of.....19.....

.....
Recorder

APPENDIX 5

(copy)

THIS AGREEMENT made as of this 15th day of August, 1981

BETWEEN:

(JOAN or) JOE PROSPECTOR

of the City of Fredericton,
in the Province of New Brunswick

(hereinafter called the "Optionor")

OF THE FIRST PART

- and -

ORECO LTD.,
a company incorporated under the
laws of the Province of Ontario

(hereinafter called ORECO)

OF THE SECOND PART

WITNESSETH that in consideration of certain good and valuable consideration, the sum of four thousand dollars ($4,000) now paid by ORECO to the Optionor (the receipt whereof is hereby acknowledged)and the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. The Optionor represents to and agrees with ORECO as follows:

(a) that he owns and has the right to deal with as hereinafter provided fifty (50) mineral claims (hereinafter called the "mining claims") situate in the Parish of Northesk, County of Northumberland in the Province of New Brunswick, more particularly described in Schedule "A" to this agreement;

(b) that the mining claims are free and clear of all encumbrances;

(c) that all assessment and other work has been done and performed on the mining claims to keep them in good standing up until a day being at least ninety (90) days after the date of this agreement;

(d) that the surface rights covering the area of the mining claims have not been dealt with in any way to the end that ORECO may use the surface rights without accounting to or obtaining the permission of any person, firm or corporation; and

(e) that the mining claims form one contiguous group each mining claim not only having a common boundary with another of the mining claims but also being so staked or located that there is no land not included as one of the mining claims between any two of the mining claims.

2. The Optionor agrees that ORECO , its employees and agents and employees of any agent, independent contractor or associate for that period of time up to the 15th day of August, 1983, shall have the sole and exclusive right and option:

(a) to enter upon the mining claims;

(b) to have exclusive and quiet possession thereof;

(c) to develop, explore, diamond drill and do other mining work thereon and thereunder as ORECO may think advisable;

(d) to bring upon and erect upon the mining claims such mining plant, buildings, machinery, tools, appliances and/or equipment as ORECO may think advisable and to remove such mining plant, buildings, machinery, tools, appliances and/or equipment;

(e) to remove from the mining claims within a period of 90 days from the termination of the working option the mining plant, buildings, machinery; tools, appliances and/or equipment. All such equipment not removed within the 90 day period shall become the property of the Optionor;

(f) to remove from the mining claims ores, minerals and metals but only for the purpose of making assays or tests.

The right and option given and granted under this clause numbered 2 is hereinafter called the "working option".

It is hereby declared that if ORECO or any associate of ORECO expends any money in doing prospecting, exploration and development work on the mining claims pursuant to this agreement it is doing so in consideration of the right to purchase shares of the new company (which may be incorporated pursuant to clause numbered 7 hereof) pursuant to clause numbered 1 of the agreement hereinafter mentioned in form and content attached hereto as Schedule "B".

3. (a) If on or before the 15th day of August, 1982 ORECO pays to the Optionor the sum of four thousand dollars Dollars ($4,000) then the working option shall continue in full force and effect up to and including the 15th day of August, 1983.

(b) Any payment to the Optionor shall be deemed to be well and sufficiently made if a cheque payable at par in the City of Toronto in Canadian funds is mailed by prepaid registered mail on or before the day on which such payment is to be made to the Optionor at his address as set forth in clause numbered 9 hereof;

(c) It is specifically understood and agreed that ORECO shall have no obligation to make the payment mentioned in paragraph (a) of this clause numbered 3, such payment being entirely optional; and

(d) ORECO shall have the right to prepay the aforesaid payment.

4. ORECO agrees:

(a) to keep the mining claims in good standing by the doing of assessment work or obtaining an extension of time within which to perform assessment work, by the payment of taxes, and by doing all other acts and things which may be necessary in that regard until the termination of the working option either through the effluxion of time, by the exercise of the incorporation option hereinafter mentioned, or by the giving of notice hereinafter mentioned;

(b) to perform the equivalent of one year's assessment work on the mining claims;

(c) if the incorporation option hereinafter mentioned is not exercised, to leave the mining claims upon termination of the working option in good standing for a period of at least 30 days from the date of termination;

(d) to permit the Optionor to have access at his own risk and expense to the mining claims at all reasonable times and to all records prepared by ORECO , its servants or agents in connection with work done on the mining claims during the period of the working option;

(e) if the incorporation option hereinafter mentioned is not exercised, to leave the mining claims upon termination of the working option in a safe condition and to deliver to the Optionor upon demand copies of all maps, reports, results of geophysical surveys and other reports with respect to work done by ORECO on the mining claims; and

(f) to report all work done by ORECO on the mining claims to the appropriate mining recorder;

5. The Optionor agrees:

(a) that ORECO may at any time and from time to time terminate the working option with respect to some or all of the mining claims by giving notice in writing to him. The termination of the working option by ORECO shall not affect the obligations of ORECO as set forth in paragraphs (a), (b), (c), (e) and (f) of clause numbered 4 hereof; and

(b) that he will deliver to ORECO forthwith upon the execution and delivery of this agreement appropriately duly executed transfers to ORECO of the mining claims and will from time to time as and when requested by ORECO execute or cause to be executed all further documents or instruments which are reasonably necessary to enable ORECO to take advantage of the rights given to it pursuant to clause numbered 6 hereof.

6. The Optionor agrees that ORECO may protect its interest in the mining claims by doing either or both of the following things:

(a) it may register this agreement against the title to all or any of the mining claims; or

(b) it may transfer all or any of the mining claims into its name.

If ORECO registers any of the mining claims in its name then, upon termination of the working option for any reason other than the exercise of the incorporation option, it agrees to mail to the optionor by prepaid registered mail duly executed transfers to the Optionor of the mining claims and upon the termination of the working option by the exercise of the incorporation option to transfer the mining claims into the name of the new company.

7. If ORECO has paid to the Optionor pursuant to the provisions of clause numbered 3 hereof the sum therein mentioned then it shall have the right and option at any time before the 1st day of August, 1983 (but only while the working option is in full force and effect) to cause a new company to be incorporated for the purpose of acquiring the mining claims. The said right and option is herein called the "Incorporation Option", and the incorporation option shall be deemed to have been exercised if:

(a) ORECO applies for incorporation under the laws of Canada, Ontario or New Brunswick (as it may decide) of a new company with an authorized capital consisting of 3,000,000 shares either with or without par value as ORECO may decide; and

(b) ORECO notified the Optionor before the 15th day of July, 1983, that the incorporation option has been exercised by it giving in the notice the proposed name of the new company and the jurisdiction to which application for incorporation has been made.

The new company shall have such number of Directors, such provisions in its Letters Patent, and such By-laws, all as ORECO may decide.

Forthwith after the incorporation of the new company the parties hereto shall sell and shall cause the new company to purchase the mining claims for the following consideration:

(A) the allotment and issue by the new company to the Optionor of
fully paid and non-assessable shares (hereinafter called "vendors shares") of its capital ; and

(B) the agreement of the new company to enter into an Agreement in form and content attached hereto as Schedule "B".

The Optionor understands that ORECO will have certain rights to purchase shares in the capital of the new company pursuant to the said Schedule "B" Agreement in lieu of receiving vendors shares.

8. Of the vendors shares to be allotted and issued by the new company as set forth in clause numbered 7 hereof, such percentage thereof shall be subject to escrow as may be prescribed by the Ontario Securities Commission or any other regulatory body of a similar nature which may have jurisdiction. ORECO agrees that it will give all consents necessary or advisable to have escrowed shares released from escrow as quickly as possible having regard to the regulations from time to time of the Ontario Securities Commission or any other regulatory body which may have jurisdiction.

9. Any notice contemplated to be given hereunder to the Optionor shall be deemed to be sufficiently given if mailed by prepaid registered mail addressed to the Optionor at (address) -- , Fredericton N.B. Any notice so given shall be deemed to have been given on the day following the day of mailing.

10. This is an option only and nothing herein contained shall be construed as obligating ORECO to do anything except comply with the provision of clause numbered 4 hereof. If ORECO does any act or makes any payment under this Agreement, such act or acts or payment or payments shall not be construed as obligating ORECO to do any further act or make any further payment except as otherwise specifically contemplated by this Agreement.

11. Time shall be of the essence hereof.

12. This Agreement shall be binding upon and enure to the benefit of the parties hereto, their respective personal representatives, successors and assigns, and may be assigned by either party in whole or in part.

IN WITNESS WHEREOF the parties hereto have executed these presents.

SIGNED, SEALED and DELIVERED
in the presence of

_____ J. PROSPECTOR
Optionor

ORECO

_____ _____
-Vice President-Ope

SCHEDULE "A"

This is Schedule "A" to that certain agreement made as of the day of between of the first part and ORECO , Limited of the second part.

Claim No.	Date Staked/ Recorded	Parish & County	Recorded Owner	License No.
599855--89	15 May, 1981	Northesk Northumberland Co.	J. Prospector	0001
599920--44	15 May, 1981	"	" "	0002

SCHEDULE "B"

This is Schedule "B" to that certain agreement made as of the . day of , between of the first part and ORECO , of the second part.

THIS AGREEMENT made this day of 19 .

BETWEEN:

_____

(hereinafter called the "new company")

OF THE FIRST PART

- and -

ORECO a company incorporated under the laws of the Province of Ontario (hereinafter called " ORECO ")

OF THE SECOND PART

WHEREAS by agreement formed by the acceptance by the new company of an offer in writing by ORECO , ORECO sold to the new company certain mineral claims (hereinafter called the "mining claims") for a consideration in effect consisting of the allotment and issue of a certain number of shares in the capital of the new company and the agreement of the new company to enter into this agreement.

WITNESSETH that in consideration of the premises and of the sum of one dollar ($1.00) now paid by ORECO to the new company (the receipt whereof is hereby acknowledged) the parties hereto agree as follows:

1. The new company hereby sells to ORECO and ORECO hereby purchases from the new company at one cent per share fully paid and non-assessable treasury shares of the capital of the new company in number equal to ten times the number of dollars expended on the mining claims by ORECO before the day of incorporation of the new company, all to the end that, for example, if ORECO expends on the mining claims before the day of incorporation of the new company, say, $35,000, it shall purchase pursuant to this clause 350,000 shares of the new company.

The new company agrees forthwith to allot and issue the shares sold to ORECO pursuant to this clause and to deliver certificates therefor to ORECO against payment in full.

2. The new company hereby gives and grants unto ORECO the sole, exclusive and irrevocable right and option to purchase at fifty cents per share at any time and from time to time on or before a day being exactly four years after the day of incorporation of the new company all or any part or parts of 3,000,000 shares (less the number of shares allotted and issued to Directors to qualify them as Directors, the number of shares forming the share consideration in the recital to this agreement and the number of shares allotted and issued to ORECO pursuant to clause numbered 1 hereof) in its capital as fully paid and non-assessable shares.

New Company and
OMECO - , Limited - 2

3. So long as the aforesaid option on the treasury shares of the new company remains in force, OMECO shall have the right and option;

(a) to enter upon the mining claims;

(b) to have quiet possession thereof;

(c) to explore, develop, diamond drill and do other mining work thereon and thereunder as OMECO may think advisable and, without limiting the generality of the foregoing, to do all work contemplated in clause numbered 4 hereof;

(d) to bring and erect thereon such buildings, plant, machinery and equipment as OMECO may think advisable (and to remove such buildings, plant, machinery and equipment both before and after the expiration or termination of the said option); and

(e) to remove therefrom and sell or dispose of ores, minerals and metals, but only for the purpose of making assays or tests.

4. For the purposes of this agreement:

(a) amounts expended on the mining claims shall, without limitation, include amounts expended in doing geophysical, geochemical and geological surveys; in searching for, digging, trucking, sampling, working, mining and procuring ores, minerals and metals; in doing diamond drilling; in erecting and installing mining plant, buildings, machinery, tools, appliances and/or equipment; in transporting men, supplies, mining plant, building, machinery, tools, appliances and/or equipment to the mining claims or any of them; in paying wages and salaries of men engaged in work on the mining claims or any of them; in paying assessments under the "Workmen's Compensation Act" and contributions under the "Unemployment Insurance Act" relating to such men; in supplying food, lodging, and other reasonable needs for such men; in management of any work which may be done on the mining claims or any of them; any reasonable head office overhead of OMECO ; and otherwise in any way in connection with any work which may be done on the mining claims or any of them and in payment in cash to the Optionor by OMECO, pursuant to clause numbered 3 of that certain agreement described immediately following "Schedule B" at the top of page 1 hereof but except as aforesaid amounts expended on the mining claims shall not include any amounts expended which cannot reasonably be attributed to work done on the mining claims or any of them; and

(b) the term "mining claims" shall include the mining claims acquired by the new company pursuant to the agreement mentioned in the recital to this agreement and any other or further mining properties thereafter acquired by the new company.

New Company and
ORECO . Limited - 3

5. For all amounts expended by ORECO on the mining claims after the incorporation of the new company, ORECO shall from time to time be entitled to take down treasury shares of the new company under the option granted in clause numbered 2 hereof on treasury shares of the new company as if the amounts so expended were moneys paid to the new company to purchase treasury shares under the said option, or ORECO may at its option from time to time take down shares under the said option by the payment of moneys to the new company. Whether said shares are taken down for amounts expended on the mining claims or for money paid, they shall be fully paid and non-assessable shares. The certificate of the Treasurer of ORECO for the time being as to the amounts expended on the mining claims, both before and after the incorporation of the new company, shall be prima facie evidence thereof.

6. It is expressly understood and agreed that as between ORECO and the new company, ORECO and its associates are to be entitled to claim all tax write-offs with respect to exploration and development expenses incurred in connection with the mining claims and paid for by the issue or sale of shares (if any) to ORECO under this agreement.

7. If ORECO and/or the new company is prevented from or delayed in carrying on normal prospecting, exploration, development and/or other mining operations on the mining claims by reason of strikes, labour shortages, power shortages, lockouts, inability to obtain sufficient suitable machinery or equipment, wars, acts of God, laws or governmental regulation restricting normal mining operations, or any other reason or reasons beyond the control of ORECO and/or the new company, the time limited for the purchase of any treasury shares not then purchased under the option granted in clause numbered 2 hereof on treasury shares of the new company shall be extended by a period of time (or the aggregate of all periods of time) equal in length to the time during which ORECO and/or the new company is so prevented or delayed.

8. This agreement shall be binding upon and enure to the benefit of the parties hereto, their successors and assigns.

IN WITNESS WHEREOF the parties hereto have executed these presents

ANALYTICAL SERVICES IN N.B.

attached price list for guidance (1980) only

Atlantic Analytical Services Ltd.
74 Catterwood St.,
Box 3115, Station B, Ph. 672-7953
Saint John, N.B.
E2M 4X7

Stairs Laboratories Ltd.,
920 Bridge Street, Ph. 546-4779
Bathurst.

N.B. Research and Productivity Council,
College Hill Road,
P.O. Box 6000, Ph. 455-8994
Fredericton, N.B.
E3B 5H1.

Bondar - Clegg & Co. Ltd.,
P.O. Box 20A, Ph. 753-7446
Campbellton, N.B.

PRICE LIST
GEOCHEMICAL ANALYSIS

		CANADIAN DOLLARS
PREPARATION:		
Soils		.40
Rocks		2.00
ANALYSIS:		
Cadmium, Chromium, Cobalt, Copper, Iron, Lead, Manganese	first element	1.75
	other elements on the same digestion	.55
Nickel		
Silver		
Zinc		
Antimony		2.75
Arsenic		2.75
Beryllium		5.00
Bismuth		5.00
Fluoride		5.00
Gold		4.50
Molybdenum		1.50
Tin		4.25
Tungsten		2.75
Uranium		3.50

Major and continuing contracts by arrangement, discounts available. Prices subject to change without notice except for contract agreements.

ASSAY PRICES

	CANADIAN DOLLARS
Aluminum	11.00
Antimony	11.00
Arsenic	10.00
Barium	11.00
Bismuth	11.00
Cadmium	11.00
Calcium	11.00
Chromium	11.00
Cobalt	11.00
Copper	9.00
Gold	10.00
Insolubles	9.00
Iron — total	9.00
Iron — acid soluble	9.00
Lead	9.00
L.O.I.	7.00
Magnesium	11.00
Manganese	11.00
Molybdenum	11.00
Moisture	7.00
Nickel	11.00
Silica	10.00
Silver	9.00
Sulphur	10.00
Tin	11.00
Tungsten	11.00
Zinc	9.00
Uranium	10.00
Limestone (Insolubles, R_2O_3, CaO, MgO, L.O.I.)	47.00
Heat Value of Fuels (BTU & S)	35.00

Major or continuing contracts by arrangment.

Prices subject to change without notice except for contract agreements.

ASSAY PRICES